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Ex-Admiral Takes Up Arms on Other Side

By PAUL DUKE JR.

Staff Reporter of THE WALL STREET JOURNAL

AUSTIN, Texas—Two weeks ago, retired Navy Admiral Bobby Ray Inman drove out to Tracor Inc., a defense electronics company, to tell its employees he was their new boss. His company, Westmark Systems Inc., is buying Tracor.

The day the \$694.4 million deal was announced, Mr. Inman spoke in the Tracor cafeteria to 2,000 workers. A few days later, Mr. Inman says, he found his mailbox stuffed with unsolicited "letters from employees with ideas."

In Bobby Inman the letter writers have discovered someone eager to listen. The 56-year-old Mr. Inman—former head of naval intelligence, director of the National Security Agency and second in command at the Central Intelligence Agency—wants to revamp the way the weapons are made and bought in America. The current system, he claims, relies too much on low-bid competition, makes contractors overly cautious and discourages them from taking risks that would speed up technological advances.

A Convert

"I'm a convert," says Mr. Inman, who became a four-star admiral without ever commanding a ship. "Nobody is more zealous than the convert. I spent almost 31 years of my life (in the Navy) looking out at the outside world. Now I'm there and I want to change it."

Mr. Inman became chairman and chief executive officer of newly founded Westmark, a holding company backed by the Texas merchant banking firm Mason Best Co., after stepping down earlier this year as chief executive of Microelectronics & Computer Technology Corp., the Austin research organization of high-technology companies known as MCC. Tracor is the first acquisition for Westmark, which was formed to acquire defense electronics con-

**NAME:** Bobby Ray Inman**AGE:** 56**POSITION:** Chairman, CEO, Westmark Systems

CAREER PATH: Joined the Navy during the Korean War. Held a number of intelligence positions. Served in No. 2 post at the CIA. Joined Westmark earlier this year.

CHALLENGE: To shake up the process for making and buying weapons in the U.S.

tractors. The company plans a few more acquisitions soon.

"No sleaze, no shortcuts," vows Mr. Inman. "We want an unblemished record for quality."

Some say living up to such a vow can be difficult for a defense contractor under the current system; even Mr. Inman concedes he may sound "naive."

An Uphill Battle

"Congress is still deep in its love affair with competition as a means of bringing down costs," says Lawrence Korb, a former assistant secretary of defense. "The key for Adm. Inman will be to lead by example. Fighting the system itself would be a very steep uphill climb."

Just this month, the undersecretary of defense for acquisition, Richard Godwin, quit his job after less than a year, complaining that military bureaucracy thwarted his efforts to reform purchasing—which Congress had mandated him to do. "Of course," adds Mr. Korb, "Tracor isn't Lockheed or General Dynamics. Inman is working on a small canvas for the moment."

One of Mr. Inman's prime complaints is that American companies don't bring advances in technology to the real world fast

enough. He'd like to see incentives to speed them up, such as bonuses and the promise of slightly higher profit margins. Speed would come at the cost of competition, he concedes.

Mr. Inman, who hasn't run a company before, disputes any suggestion that he has a lot of learning to do about the business world. "Remember (at the NSA) I ran a \$2 billion operation with 4,000 or 5,000 employees scattered around the world," he says. "That's where I got my working M.B.A."

That's also where Mr. Inman, whose unassuming nature and ready grin belie his Washington reputation as a brilliant intelligence analyst, concluded that the U.S. was falling behind in technological innovation. In 1971, he says, Soviet hardware such as sonar buoys "tended to be about 10 years behind U.S. hardware," he says. By 1981, "it was about two years behind."

At the NSA, Mr. Inman ran so-called "black programs"—awarding secret contracts for weapons and intelligence systems to outside companies. It was, he recalls, "a time of declining budgets. The challenge was to manage the cash that you got with extraordinary care ... (while) trying to move technology into use very rapidly under rigid cost controls. I never had great pots of money to waste. If you had an overrun, that meant you gave up something else."

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• 'U.S. Business Isn't Incompetent'

"I know from that experience that U.S. firms, when you dealt with them the right way, could produce top-quality work in a short time—under rigid cost control. My overwhelming experience in that arena was very high-quality performance in a relatively short time frame. That is what built in this image I have that U.S. business is not inherently incompetent, but rather that it responds to the stimulus that is there."

Mr. Inman wants strict limits on the procurement schedule for weapons systems. The Pentagon now signs contracts worth hundreds of millions of dollars for weapons it may not get for 12 years. Ideally, Mr. Inman would mandate a six-year limit, with strict control over any exceptions. He also urges new tax rules and other incentives to make it easier for contractors to modernize their factories.

In government, he'd like to see a switch to three-year spending plans for the Pentagon, rather than the current one-year and two-year plans. "The longer . . . process turns the debate away from numbers and toward quality and technology," he asserts.

Barry Blechman of Defense Forecasts, a research and consulting firm in Washington, says "there's certainly a lot of interest in Congress in speeding up production." However, he adds, "the problem with a lot of these reforms like extending the authorization process is that you are asking Congress to give up power. Why should Congress do that?"

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